

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

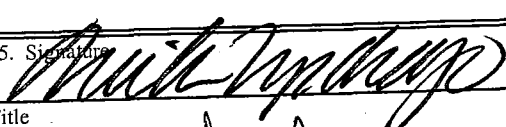
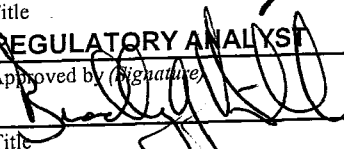
FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-73020
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator KERR McGEE OIL & GAS ONSHORE LP		7. If Unit or CA Agreement, Name and No. MULLIGAN UNIT #UTU-80643X
3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078	3b. Phone No. (include area code) (435) 781-7024	8. Lease Name and Well No. MULLIGAN 823-7M
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SWSW LOT 4, 636'FSL, 804'FWL At proposed prod. Zone 4443432Y - 109.375316		9. API Well No. 43-047-38622
14. Distance in miles and direction from nearest town or post office* 28.5 MILES SOUTH OF VERNAL, UTAH		10. Field and Pool, or Exploratory MULLIGAN Kennedy Wash
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 636'	16. No. of Acres in lease 2290.61	11. Sec., T., R., M., or Blk. and Survey or Area SEC. 7, T8S, R23E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C	19. Proposed Depth 10,950'	12. County or Parish UINTAH
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5302' UNGRADED GL	22. Approximate date work will start*	13. State UTAH
20. BLM/BIA Bond No. on file BOND NO: WY-2357		17. Spacing Unit dedicated to this well 40.00

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature 	Name (Printed/Typed) SHEILA UPCHEGO	Date 9/7/2006
Title REGULATORY ANALYST	Name (Printed/Typed) BRADLEY G. HILL	Date 09-21-06
Approved by (Signature) 	Office ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Federal Approval of this
Action is Necessary

R
22
E

T8S, R23E, S.L.B.&M.

EAST - 5160.54' (G.L.O.)

Kerr-McGee Oil & Gas Onshore LP

Well location, MULLIGAN #823-7M, located as shown in Lot 4 of Section 7, T8S, R23E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 20EAM LOCATED IN THE SE 1/4 OF SECTION 35, T8S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE
CERTIFIED

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



1916 Brass Cap
1.0' High, Pile
of Stones

NORTH - 2640.00' (G.L.O.)

N00°03'21"W - 2642.81' (Meas.)

LOT 1

LOT 2

1916 Brass Cap
1.1' High, Pile
of Stones

LOT 3

MULLIGAN #823-7M
Elev. Ungraded Ground = 5302'

LOT 4

804'

636'

Brass Cap,
0.7' High,
Pile of Stones

Section Corner
Re-Established by
Double Proportion
Method.

S89°53'23"W - 2528.83' (Meas.)

S89°51'59"W - 2633.96' (Meas.)

N89°58'33"W - 2638.55' (Meas.)

1916 Brass Cap
1.2' High, Pile
of Stones

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

△ = SECTION CORNERS RE-ESTABLISHED
BY DOUBLE PROPORTION METHOD.

(NAD 83)
LATITUDE = 40°07'53.91" (40.131642)
LONGITUDE = 109°22'33.69" (109.376025)
(NAD 27)
LATITUDE = 40°07'54.04" (40.131678)
LONGITUDE = 109°22'31.23" (109.375342)

E 1/4 Cor Sec 18
1916 Brass Cap
1.2' High, Pile
of Stones

N00°08'38"W - 2636.46' (Meas.)

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 07-28-06	DATE DRAWN: 07-30-06
PARTY N.H. D.K. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE Kerr-McGee Oil & Gas Onshore LP	

MULLIGAN 823-7M
SWSW SEC 7, T8S, R23E
UINTAH COUNTY, UTAH
UTU-73020

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Top of Birds Nest Water	3384'
Mahogany	3854'
Wasatch	6076'
Mesaverde	8634'
MVU2	9724'
MVL1	10199'
TD	10950'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Top of Birds Nest Water	3384'
	Mahogany	3854'
	Wasatch	6076'
Gas	Mesaverde	8634'
Gas	MVU2	9724'
Gas	MVL1	10199'
Gas	N/A	
Water	N/A	
Other Minerals	N/A	

3. **Pressure Control Equipment** (Schematic Attached)

Please refer to the attached Drilling Program.

4. **Proposed Casing & Cementing Program:**

Please refer to the attached Drilling Program.

5. **Drilling Fluids Program:**

Please refer to the attached Drilling Program.

6. **Evaluation Program:**

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 10950' TD, approximately equals 6789 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 4380 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



GEOLOGICAL FORMATION			MECHANICAL		
LOGS	TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 6,076'					
		Preset f/ GL @ 2,800' MD			
Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.					
Top of Birds Nest Water @ 3384' Mahogany @ 3,854'					Water/Fresh Water Mud 8.3-11.0 ppg
Mud logging program TBD Open hole logging program f/ TD - surf csg			7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	
	Wasatch @	6,076'			
	Mverde @	8,634'			
	MVU2 @	9,724'			
	MVL1 @	10,199'			
TD @ 10,950'					Max anticipated Mud required 11.0 ppg

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				2270	1370	254000
SURFACE	9-5/8"	0 to 2800	32.30	H-40	STC	0.59*****	1.05	3.21
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 10950	11.60	I-80	LTC	2.02	1.01	1.81

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)

2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)

(Burst Assumptions: TD = 11.0 ppg)

.22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)

MASP 3854 psi

***** Burst SF is low but csg. is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE Option 1	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE Option 2	NOTE: If well will circulate water to surface, option 2 will be utilized						
	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	5,570'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	610	60%	11.00	3.38
	TAIL	5,380'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1500	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

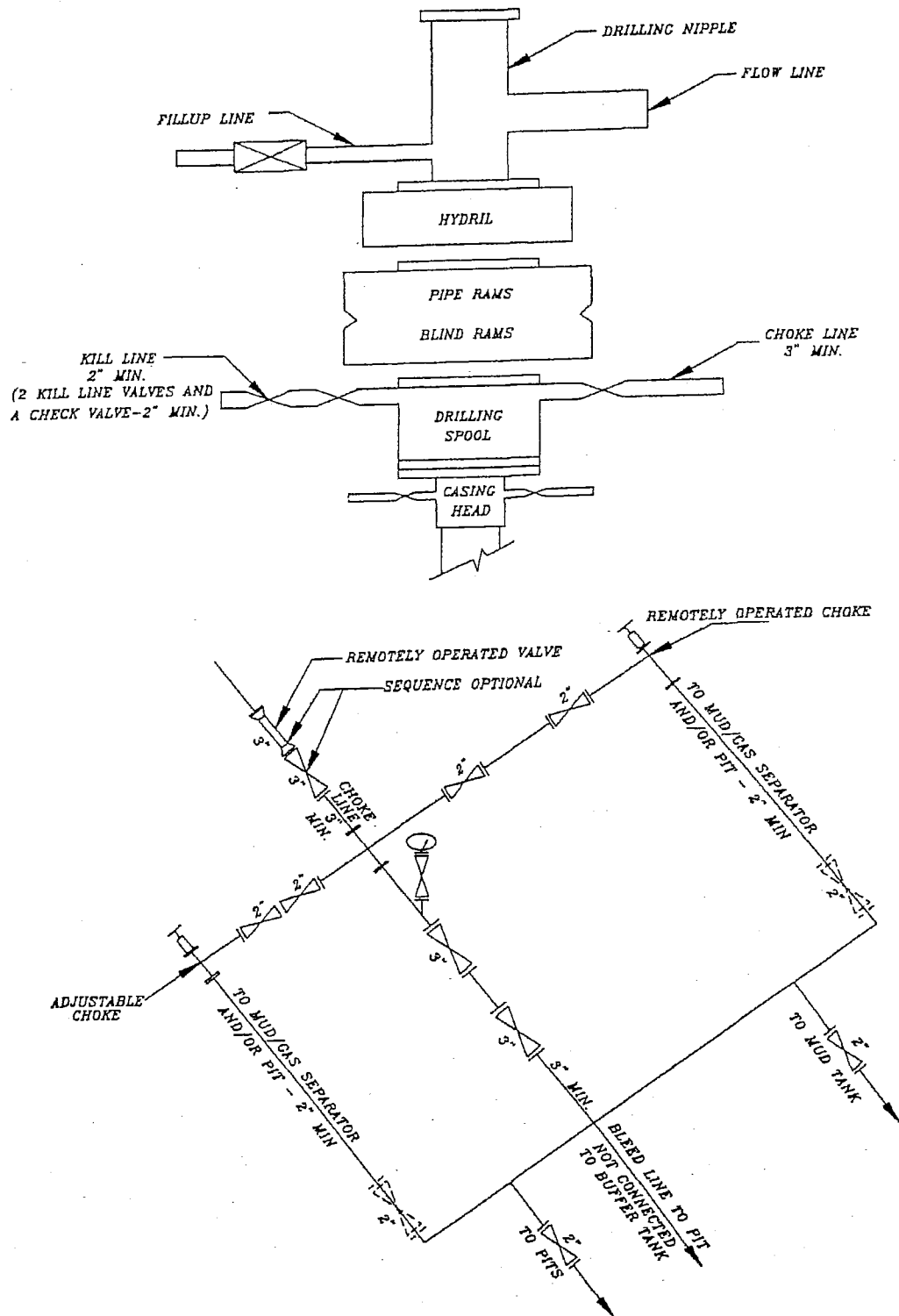
DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

DATE:

5M BOP STACK and CHOKE MANIFOLD SYSTEM



MULLIGAN 823-7M
SWSW SEC 7, T8S, R23E
UINTAH COUNTY, UTAH
UTU-73020

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Directions to the proposed location are attached.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

Approximately 0.2 miles +/- of access road is proposed. Refer to Topo Map B.

The access road will be crowned (2 to 3%), ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free-flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing or shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon (2.5 Y 6/2) as determined during the on-site inspection.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Refer to Topo Map D for the placement of the proposed pipeline.

Variances to Best Management Practices (BMPs) Requested:

A rights-of-way will be required for approximately 3800' of 4" steel pipeline from the proposed location to an existing tie-in point. The pipeline will leave Sec. 7, T8S, R23E and travel NW into Sec. 18, T8S, R23E into NE/2 of Sec. 13, T8S, R22E to an tie-in point. Refer to Topo Map D for pipeline placement.

The pipeline will be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec.32, T4S,R3E, Water User Claim #43-8496, Application #53617.

Where available a 2" or 3" poly pipe will be installed with the existing rights-of-way to supply water during drilling and completion operations. There will be no new disturbance needed and the poly line will be removed after completion operations. The fresh water will be supplied from the power plant located within the following Sections 23, 24, 25, 26, 35, & 36, T8S, R23E.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. **Methods of Handling Waste Materials:**

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of 20 mil thick and felt, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec.35, T9S,

R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E. (Request is in lieu of filing Form 3160-5, after initial production).

8. **Ancillary Facilities:**

None are anticipated.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. **Plans for Reclamation of the Surface:**

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring of the pit, the stockpiled topsoil will be spread evenly over the location and the location will be reseeded see seed mixture.

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435) 789-1362

12. Other Information:

A Class III archaeological survey and a paleontological survey have been completed and the reports will be submitted when reports become available.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance. The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

Seed Mixture:

The following seed mixture will be used during interim reclamation:

Indian Rice Grass	10 lb/acre
Galleta Grass	10 lb/acre

Operator will contact the BLM for the seed mixture when final reclamation of the location occurs.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

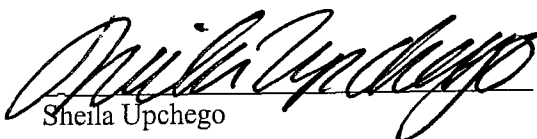
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP, is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP, agrees to be responsible under the terms and the conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by BLM Nationwide Bond #WY-2357.

I hereby certify that the proposed drill site and access route has been inspected and that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Sheila Upchego

September 12, 2006
Date

Kerr-McGee Oil & Gas Onshore LP
MULLIGAN #823-7M
SECTION 7, T8S, R23E, S.L.B.&M.

PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 3.9 MILES TO THE JUNCTION OF STATE HIGHWAY 45; EXIT RIGHT AND PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 19.2 MILES ON STATE HIGHWAY 45 TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 5.2 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 28.5 MILES.

Kerr-McGee Oil & Gas Onshore LP
MULLIGAN #823-7M
LOCATED IN UINTAH COUNTY, UTAH
SECTION 7, T8S, R23E, S.L.B.&M.

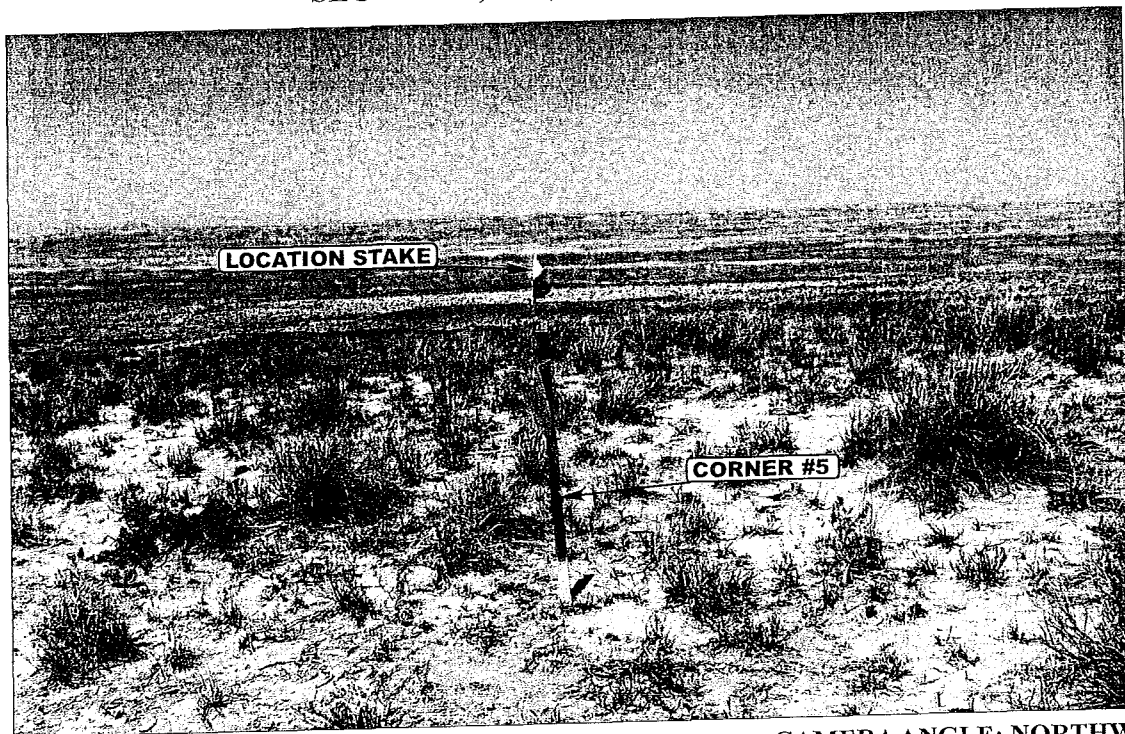


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

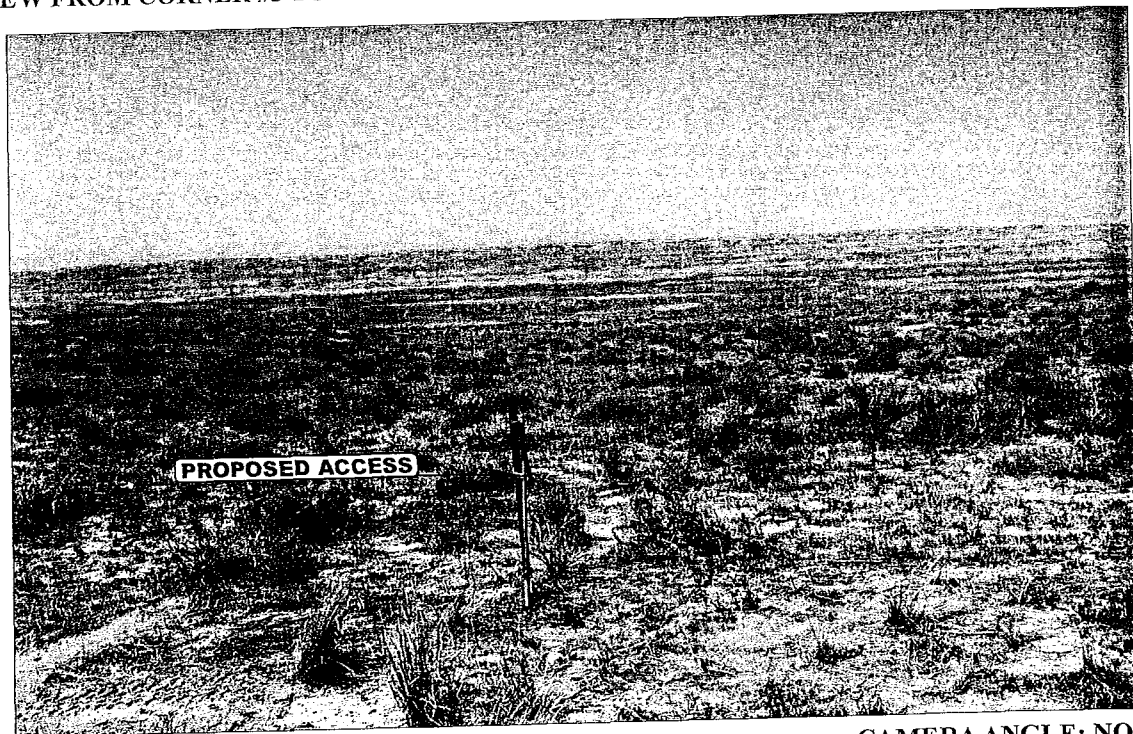


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

08 02 06
MONTH DAY YEAR

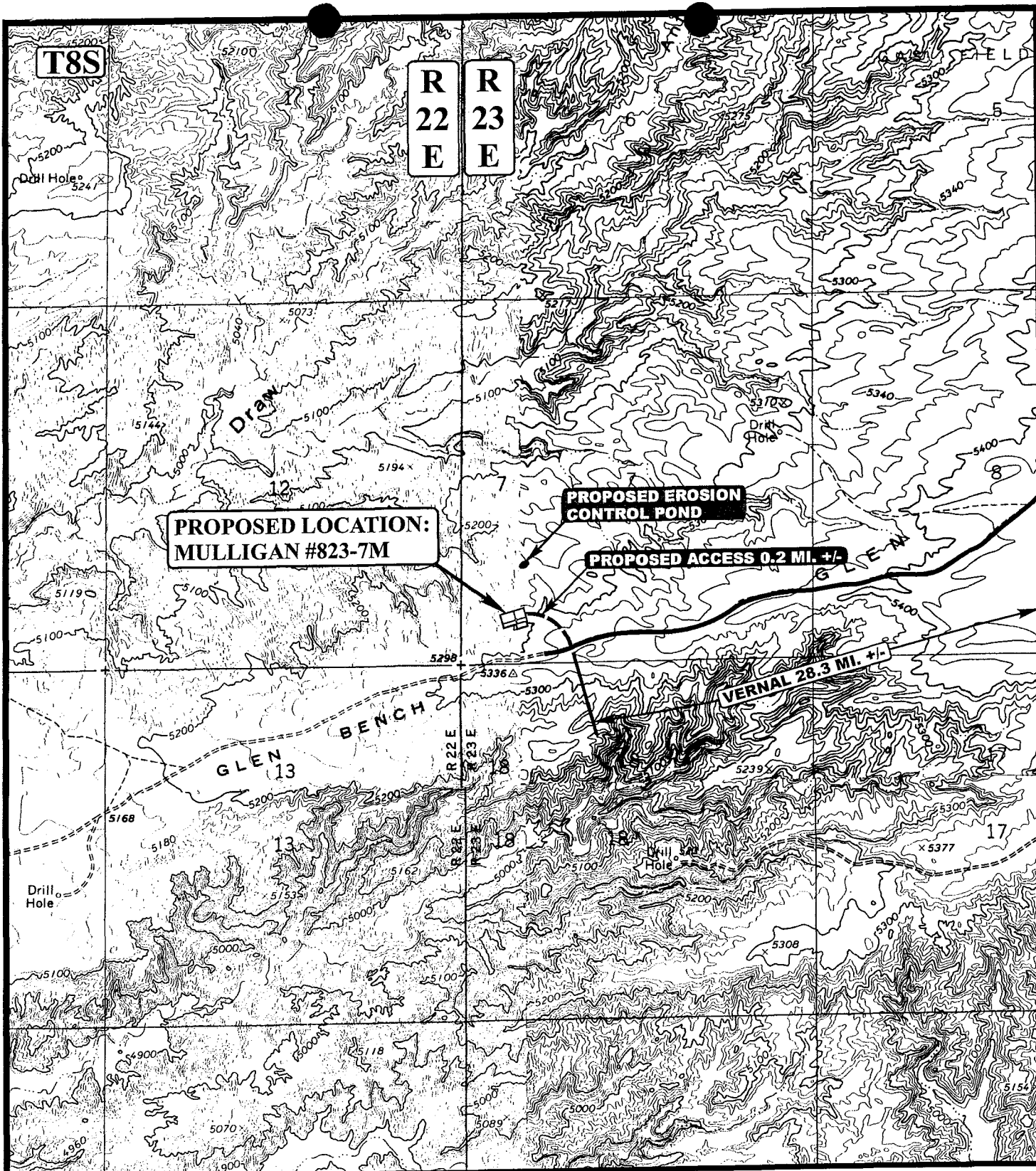
PHOTO

TAKEN BY: N.H.

DRAWN BY: C.P.

REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD

Kerr-McGee Oil & Gas Onshore LP

MULLIGAN #823-7M

SECTION 7, T8S, R23E, S.L.B.&M.

636' FSL 804' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

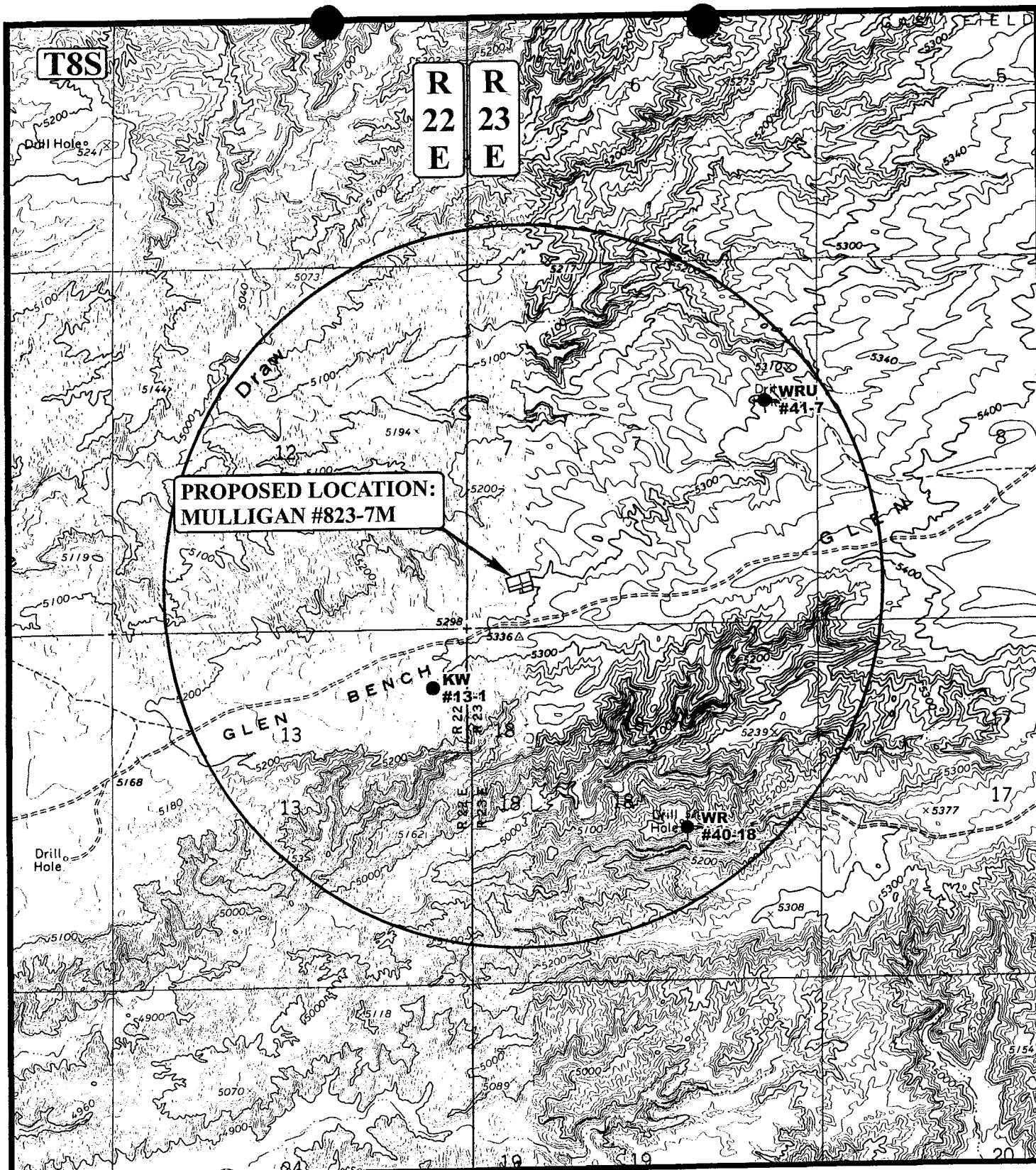


TOPOGRAPHIC
MAP

08 02 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

B
TOPO



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

Kerr-McGee Oil & Gas Onshore LP

MULLIGAN #823-7M
SECTION 7, T8S, R23E, S.L.B.&M.
636' FSL 804' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC
MAP

08 02 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

C
TOPO

Kerr-McGee Oil & Gas Onshore LP
MULLIGAN #823-7M
PIPELINE ALIGNMENT
LOCATED IN UINTAH COUNTY, UTAH
SECTION 7, T8S, R23E, S.L.B.&M.

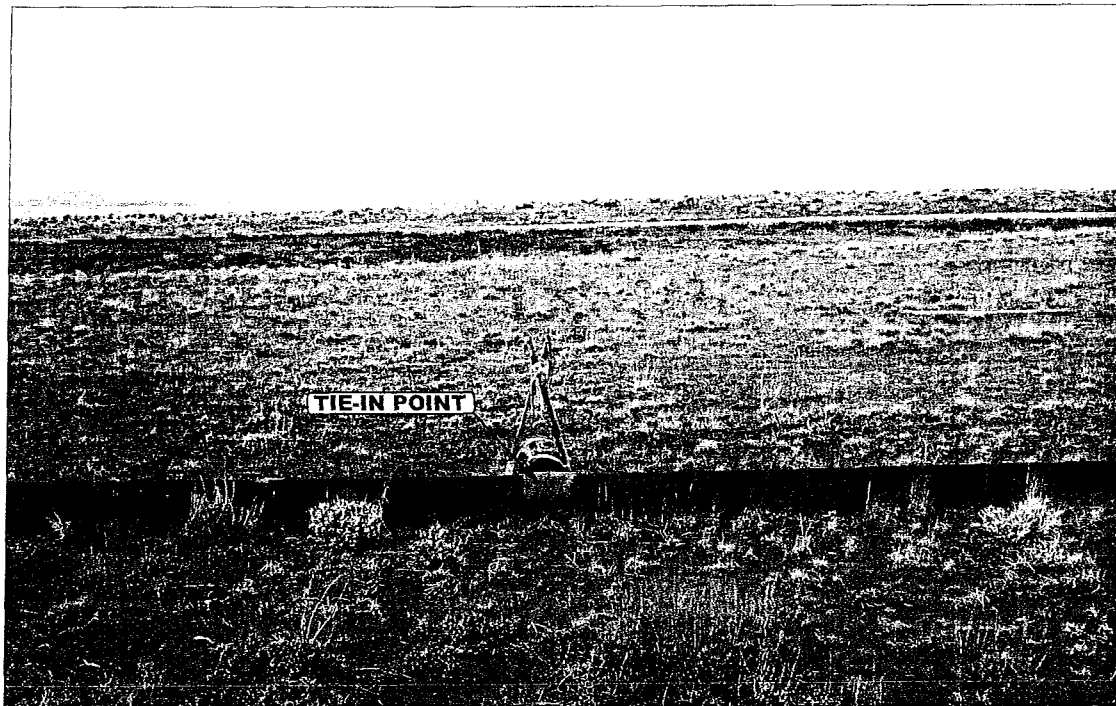


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: NORTHERLY

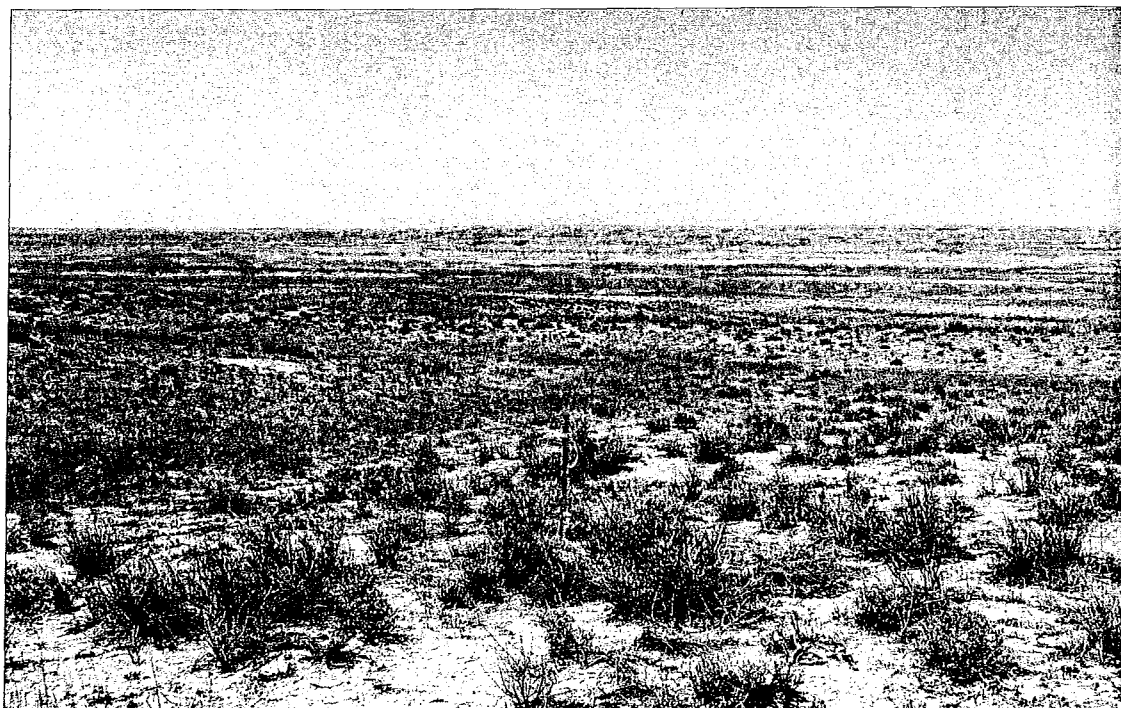


PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

08 02 06
MONTH DAY YEAR

PHOTO

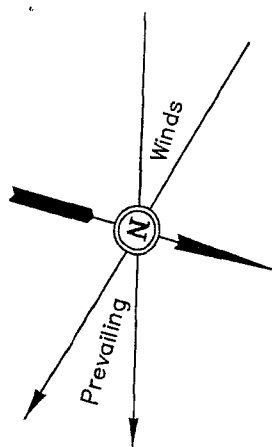
TAKEN BY: N.H.

DRAWN BY: C.P.

REVISED: 09-12-06

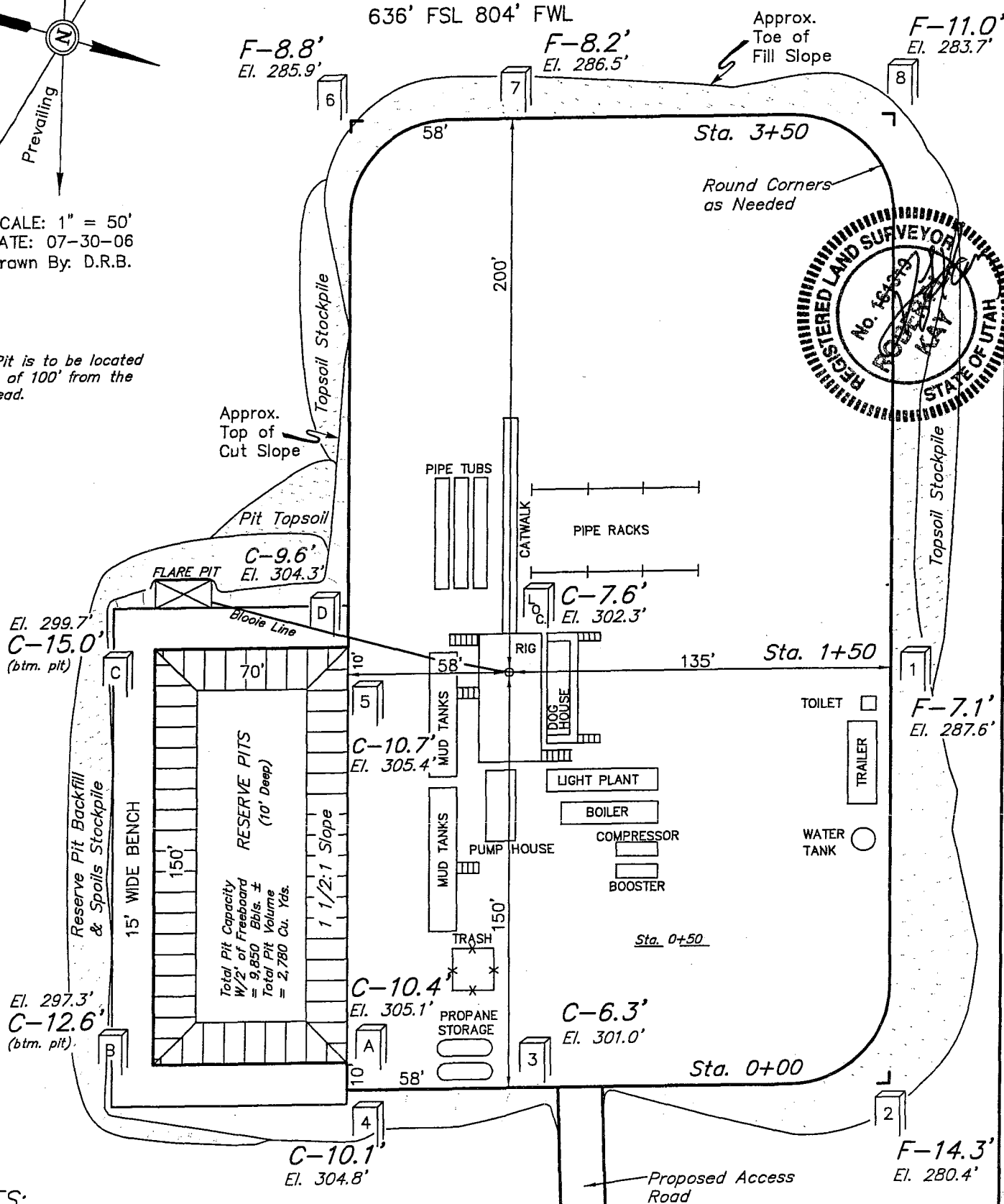
FIGURE #1

MULLIGAN #823-7M
SECTION 7, T8S, R23E, S.L.B.&M.
636' FSL 804' FWL



NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5302.3'
FINISHED GRADE ELEV. AT LOC. STAKE = 5294.7'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

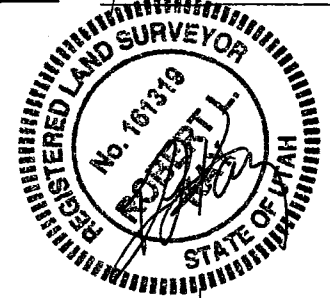
FIGURE #2

TYPICAL CROSS SECTIONS FOR

MULLIGAN #823-7M

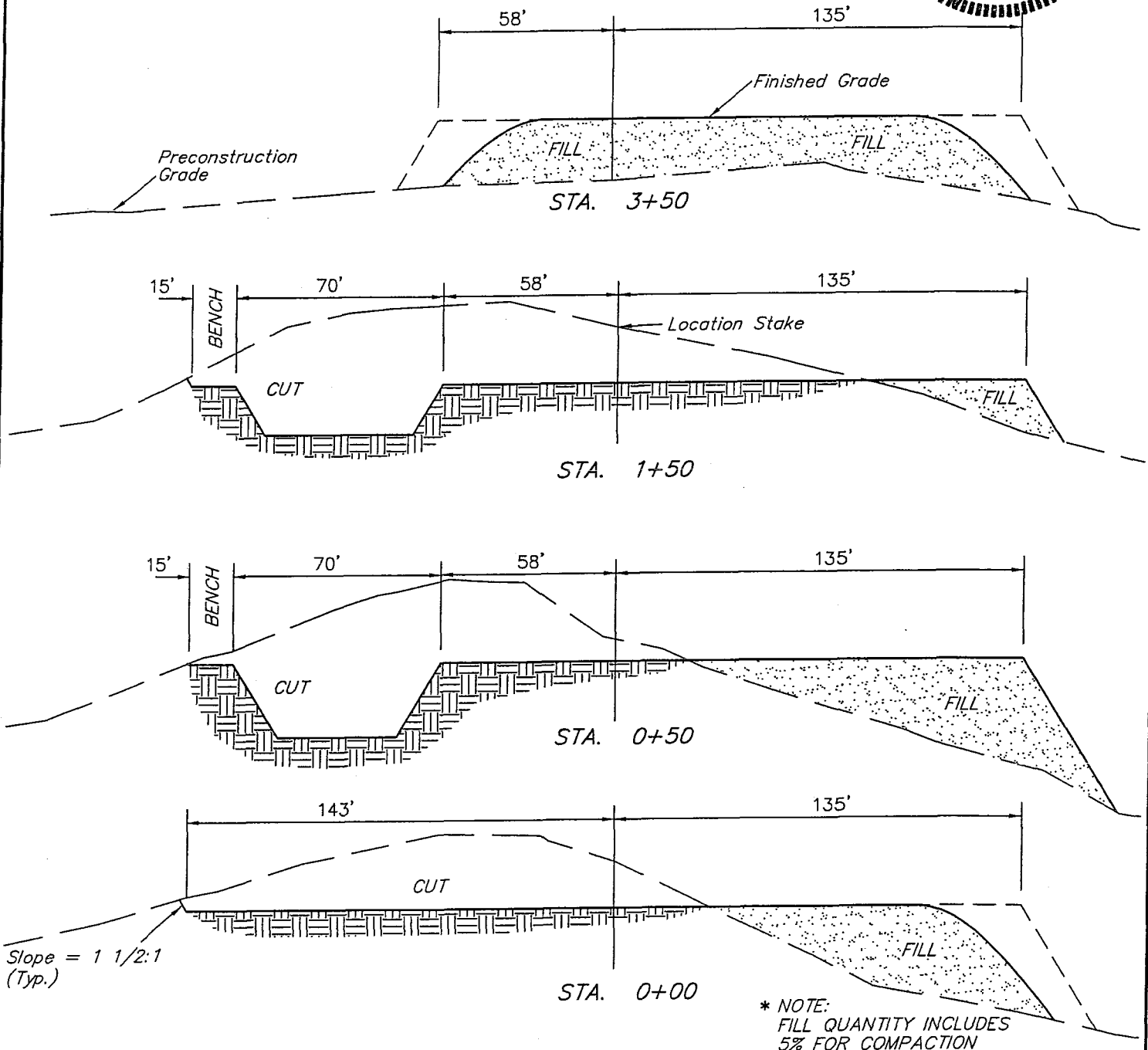
SECTION 7, T8S, R23E, S.L.B.&M.

636' FSL 804' FWL



1" = 20'
X-Section
Scale
1" = 50'

DATE: 07-30-06
Drawn By: D.R.B.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,860 Cu. Yds.
Remaining Location = 12,120 Cu. Yds.
TOTAL CUT = 13,980 CU.YDS.
FILL = 10,730 CU.YDS.

EXCESS MATERIAL = 3,250 Cu. Yds.
Topsoil & Pit Backfill = 3,250 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/15/2006

API NO. ASSIGNED: 43-047-38622

WELL NAME: MULLIGAN 823-7M

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

SWSW 07 080S 230E

SURFACE: 0636 FSL 0804 FWL

BOTTOM: 0636 FSL 0804 FWL

COUNTY: UINTAH

LATITUDE: 40.13173 LONGITUDE: -109.3753

UTM SURF EASTINGS: 638423 NORTHINGS: 4443432

FIELD NAME: KENNEDY WASH (618)

INSPECT LOCATN BY: / /

Tech Review

Initials

Date

Engineering

Geology

Surface

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-73020

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 1 - Federal

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. WY-2357)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-8496)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: MULLIGAN

☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

___ R649-3-3. Exception

___ Drilling Unit

Board Cause No: _____

Eff Date: _____

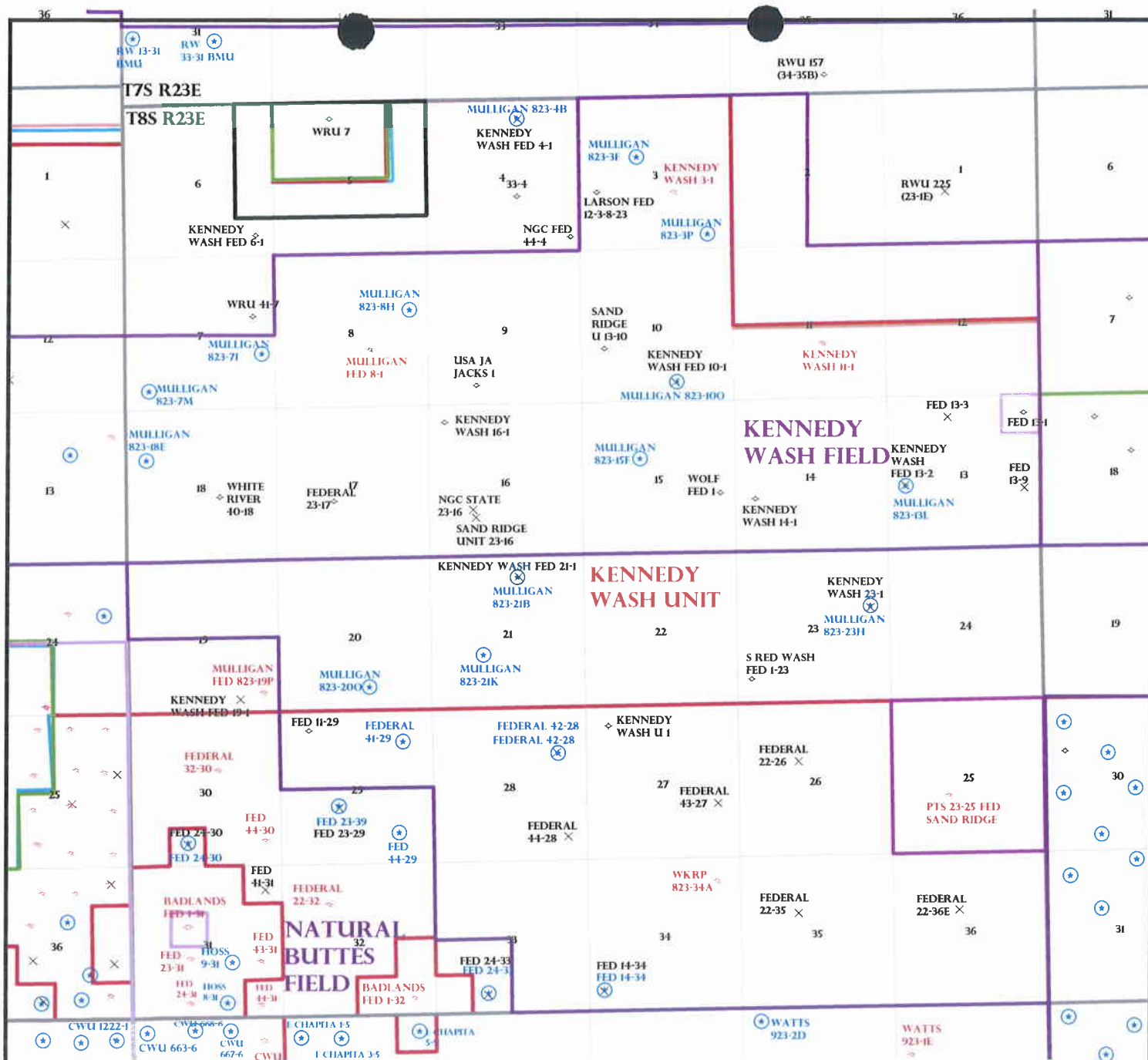
Siting: _____

___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Federal Approval
2- Spacing Unit



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 3,7,8,10,13,15 T.8S R. 23E

FIELD: KENNEDY WASH (618)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status

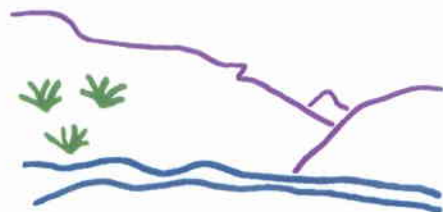
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 20-SEPTEMBER-2006

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

September 20, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2006 Plan of Development Mulligan, Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Mulligan Unit, Uintah County, Utah.

API#	WELL NAME	LOCATION
(Proposed PZ Wasatch/MesaVerde)		
43-047-38619	Mulligan 823-3P	Sec 03 T08S R23E 0466 FSL 0858 FEL
43-047-38620	Mulligan 823-3F	Sec 03 T08S R23E 2095 FNL 1984 FWL
43-047-38622	Mulligan 823-7M	Sec 07 T08S R23E 0636 FSL 0804 FWL
43-047-38623	Mulligan 823-7I	Sec 07 T08S R23E 1878 FSL 0461 FEL
43-047-38624	Mulligan 823-8H	Sec 08 T08S R23E 1980 FNL 0661 FEL
43-047-38625	Mulligan 823-100	Sec 10 T08S R23E 0660 FSL 1980 FEL
43-047-38626	Mulligan 823-13L	Sec 13 T08S R23E 2164 FSL 0625 FWL
43-047-38627	Mulligan 823-15F	Sec 15 T08S R23E 1979 FNL 1980 FWL
43-047-38621	Mulligan 823-4B	Sec 04 T08S R23E 0689 FNL 2145 FEL
43-047-38628	Mulligan 823-200	Sec 20 T08S R23E 0811 FSL 2176 FEL
43-047-38630	Mulligan 823-21K	Sec 21 T08S R23E 1865 FSL 1786 FWL
43-047-38631	Mulligan 823-23H	Sec 23 T08S R23E 1980 FNL 0660 FEL
43-047-38629	Mulligan 823-21B	Sec 21 T08S R23E 0767 FNL 2297 FEL
43-047-38616	Mulligan 822-13D	Sec 13 T08S R22E 1088 FNL 0470 FWL
43-047-38614	Mulligan 822-12M	Sec 12 T08S R22E 0691 FSL 1081 FWL
43-047-38618	Mulligan 822-13E	Sec 13 T08S R22E 2259 FNL 0866 FWL
43-047-38615	Mulligan 822-12L	Sec 12 T08S R22E 2161 FSL 0538 FWL
43-047-38617	Mulligan 822-13L	Sec 13 T08S R22E 1858 FSL 0763 FWL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 21, 2006

Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078


Re: Mulligan 823-7M Well, 636' FSL, 804' FWL, SW SW, Sec. 7, T. 8 South,
R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38622.

Sincerely,

 Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Kerr-McGee Oil & Gas Onshore LP
Well Name & Number Mulligan 823-7M
API Number: 43-047-38622
Lease: UTU-73020

Location: SW SW Sec. 7 T. 8 South R. 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 9, 2007

Whitney Morton
Kerr-McGee O&G Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: APDs Rescinded at the request of Kerr-McGee O&G Onshore LP

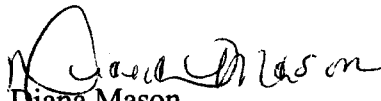
Dear Ms. Morton:

Enclosed find the list of APDs that you requested to be rescinded to Kerr – McGee O&G. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective August 8, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc:

Well File
Bureau of Land Management, Vernal



Page 2
August 9, 2007
Subject:

Mulligan 822-12L

Mulligan 822-12M

Mulligan 822-13D

Mulligan 822-13L

Mulligan 822-13E

Mulligan 823-7M

Mulligan 823-7I

Mulligan 823-8H

Mulligan 823-10O

Mulligan 823-15F

Mulligan 823-21K

NBU 1021-14M

NBU 1022-28B

NBU 1022-28H

NBU 1022-28C

NBU 1022-28A

Federal 1022-30M

Federal 1022-28P